

*File*

# NORTHERN TELEPHONE LIMITED

## 69th ANNUAL REPORT

1973

*CanCorp*





# CORPORATE INFORMATION

## ADDRESS

17 Paget Street,  
New Liskeard, Ontario.  
POJ IPO

## TRANSFER AGENT

CROWN TRUST COMPANY,  
Toronto, Montreal, Winnipeg and Calgary

## TRUSTEE

CANADA PERMANENT TRUST COMPANY,  
Toronto and Montreal

## AUDITORS

ROSS, POPE & COMPANY  
Chartered Accountants,  
Timmins, Ontario

## BANKER

CANADIAN IMPERIAL BANK OF COMMERCE,  
New Liskeard, Ontario

*Vous pouvez obtenir une version  
française de ce rapport en écrivant  
au Secrétaire,*

*Téléphone du Nord Limitée  
New Liskeard, Ontario  
POJ IPO*

## CONTENTS

Highlights .....	1
Directors .....	2
Officers and Department Heads .....	3
Directors' Report .....	4
President's Comments .....	6
Charts .....	8
Income Statement .....	9
Balance Sheet .....	10
Retained Earnings .....	12
Notes .....	13
Auditors' Report .....	15
Statistics .....	16
Cover Story .....	18

# SIXTY-NINTH

# ANNUAL REPORT

Year Ended December 31, 1973

**NORTHERN TELEPHONE LIMITED**



## Highlights of the Report

### FINANCIAL RESULTS

	1973	1972
Total Operating Revenues .....	\$18,554,971	\$15,407,066
Operating and General Expenses .....	7,515,985	6,243,527
Debenture Interest and Discount .....	1,224,636	844,115
Depreciation .....	4,168,591	3,111,481
Income Taxes .....	2,372,930	2,097,080
Net Income .....	2,134,918	2,058,003
Dividends - Preference .....	409,217	409,217
Dividends - Common .....	913,101	811,643
Earnings per average common share .....	.57	.63

### BALANCE SHEET

Gross Fixed Assets .....	\$74,948,054	\$66,900,403
Net Fixed Assets .....	49,916,350	44,473,290
Accumulated Depreciation .....	25,031,704	22,427,113
Long Term Debt .....	20,835,000	13,953,000
Shareholders' Equity .....	27,292,272	26,479,672

### ADDITIONAL STATISTICS

Telephones in service .....	116,365	109,654
Percent dial operated .....	99.0	98.9
Number long distance calls .....	7,811,824	6,787,577
Number of Central Offices .....	84	87
Number of employees at December 31st ...	698	642
Number of Shareholders .....	2,529	2,581





## DIRECTORS

### *LEFT TO RIGHT*

RICHARD A.H. TAYLOR - Chairman, Morissette Diamond Drilling Limited.

CLAUDE DUHAMEL - President, Northern Quebec Telephone Inc.; Vice-President, Bell Canada.

GEORGE E. KNOWLES - President, Geo. E. Knowles Limited.

W. RALPH RAMSAY - Senior Partner, Ramsay and Ramsay.

DONALD McKELVIE - Chairman of the Board, Northern Telephone Limited.

PALLE KIAR - President, Northern Telephone Limited; Vice-President, Bell Canada.

JAMES A. COOMBS - Assistant Vice-President, Bell Canada.

ROWAN T. HUTCHINSON - Real Estate Broker.

Absent - J. CONRAD LAVIGNE - President, Mid-Canada Television System.

OFFICERS  
and  
DEPARTMENT HEADS

DONALD McKELVIE  
Chairman of the Board

PALLE KIAR  
President

MURRAY W. COOPER  
Vice-President and General Manager

J. CHARLES BURKHOLDER  
Treasurer

DENIS H.J. LAMOTHE  
Secretary

LESLIE A. MILLER  
Assistant Treasurer

ROY B. BARNARD  
General B.I.S. -  
Personnel Officer

NORMAN E. CURRIE  
General Plant Manager

RONALD M. GIBBINS  
Chief Engineer

JOHN A. PARKER  
Traffic Manager

GLEN A. THOMPSON  
Commercial-Marketing  
Department Manager



# DIRECTORS' REPORT TO



During 1973 Northern Telephone Limited continued to provide improved telecommunications service within its serving territory in Northern Ontario and Quebec. Investments in equipment to meet ever increasing demands for service exceeded \$8.6 million. Operating revenues reached \$18.5 million, a 20.4% increase over 1972. This growth resulted principally from customer demand for long distance service and revised toll settlements. The year over year increase in total telephones of 6.1% reflects steady economic growth.

Increased construction activity together with the acquisition of the Ontario Northland Telecommunications assets located in Quebec required the issuance of \$7 million in serial debentures in April, 1973. At that time a bank loan of the same amount was retired.

Supplementary letters patent were obtained to increase the authorized capital from \$15 million to \$35 million.

Earnings per common share in 1973 at 57¢ decreased from 63¢ in 1972. The 6¢ decline resulted primarily from increased revenues offset by higher depreciation expense, reflecting more realistic charges, a significant increase in Ontario Gross Receipts Tax, and dilution due to an issue of common equity in 1972. Taxation charges alone had a negative affect on earnings per share of 9¢. The rate of return on total capital declined to 7.3 percent from 7.5 percent in 1972.

The economy of your Company's operating territory was substantially influenced by the James Bay Development. There is reason for optimism with respect to the metals market. The improved outlook for metals as well as for primary industries and the continued activity in the James Bay area are

# THE SHAREHOLDERS

expected to result in buoyancy in the economy of the operating area and in the further expansion of demand for telecommunication services.

During 1973, Direct Distance Dialing was extended to a number of communities in Ontario and Quebec. Toll free local calling was also extended in several locations. A new settlement was negotiated with Ontario Northland Telecommunications.

In 1973, Mr. René Buisson resigned as a director after six years of valuable service. Mr. George E. Knowles, President of Geo. E. Knowles Limited, of Kapuskasing, Ontario was appointed to the Board of Directors. In April of last year I resigned as President of your Company, a position I have held for the last 15 years. I have enjoyed my association with the Company and am pleased and honoured to remain active in the affairs of the Company in my present capacity as Chairman of the Board.

Mr. Palle Kiar was elected President and Chief Executive Officer. He is also a Vice-President of Bell Canada and brings 20 years of telecommunications experience to his new position.

The Directors wish to express their sincere appreciation to all employees for their significant contribution in 1973. The Company is most fortunate to have employees whose dedication and skill over the years has provided for the ever changing need for communications in the North.

For the Board of Directors  
D. McKELVIE  
Chairman of The Board.



# COMMENTS BY



Total telephones in service throughout Northern Telephone Limited territory reached 116,365 by year end. A landmark was reached when the number in the city of Timmins exceeded 20,000.

To meet this and other demands for service an \$8,656,000. construction program was required. This included expenditures on central office equipment of \$3,297,000., on station apparatus and connections of \$2,371,000. and on outside plant of \$1,868,000.

Co-operating closely with the Ontario Northland Transportation Commission, conversion to Direct Distance Dialing in Kirkland Lake, New Liskeard, Haileybury, Cobalt and surrounding communities was effected. Coincident with the purchase of the Noranda Toll Office from the O.N.T.C., D.D.D. was extended to the Rouyn-Noranda area. The communities of La Sarre, Dupuy, Macamic and Palmarolle also were provided D.D.D. In the territory of Téléphone Du Nord De Québec Inc., 78% of customers can now dial long distance calls directly.

Throughout 1973, the Company continued to accelerate its Extended Area Service or toll free calling pattern throughout its serving territories. In the province of Quebec, the exchange of Guigues was converted to a 7 digit dial operation and it now enjoys Extended Area Service with Ville-Marie. Also, in June of 1973, Ville-Marie, Notre-Dame Du Nord and Lorrainville were joined in a toll free calling pattern. In Ontario, Milberta was re-homed on Earlton, Belle Vallee was re-homed on New Liskeard and together with the community of Earlton these exchanges now enjoy toll free calling with New Liskeard, Haileybury, and Cobalt.

New long distance settlement arrangements were negotiated with the Ontario Northland Transportation Commission and provided an additional \$400,000. in revenues. This unique settlement assists in enabling your Company to maintain a level of local service rates in Ontario consistent with those in the greater part of the province, while providing a reasonable return on investment at this time.



# THE PRESIDENT

A number of developments in legislation and regulation affected Northern Telephone Limited and its principal subsidiary in 1973.

As a result of legislation related to gross receipts, "other taxes" doubled. Tax changes of this kind have an important bearing on the Company's financial results and, ultimately, on the level of rates.

In Ontario a study of the level of rates charged in Northeastern Ontario was authorized by the Ontario Telephone Service Commission. Northern Telephone is participating actively along with other telecommunications carriers in the North.

New legislation in Quebec dealing with cable television operators has required activity before the Quebec Public Service Board. The Board ordered an upgrading of rural service that will require substantial spending in the next few years.

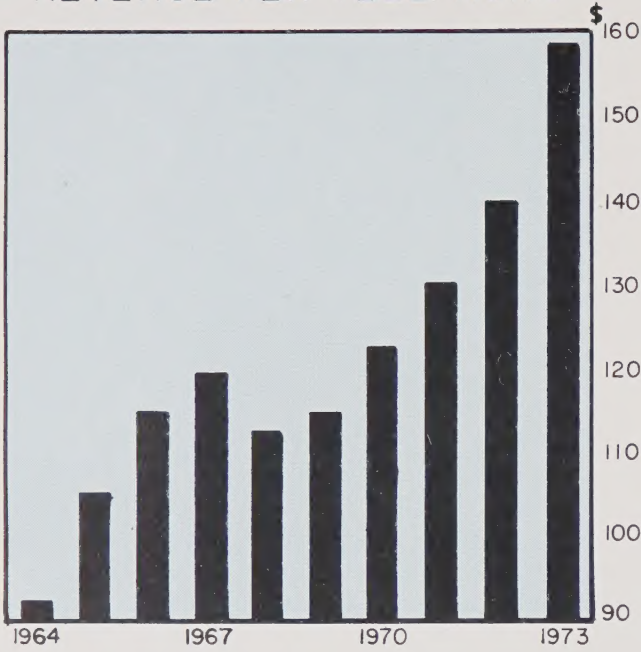
1974 will be a year of continued expansion and service improvement. The costs of operations continue to reflect the general inflationary trends in the economy at large. A construction program of \$13.3 million to meet demands for service and to accommodate growth and modernization is planned for the year. With these requirements, it is likely that an upward adjustment to rates in parts of our territory will be required.

In April of 1973 your Company reluctantly received the resignation of Mr. Donald McKelvie as President and Chief Executive Officer after 35 years service. As the Company's President from 1958 to 1973, he skillfully guided the Company through a period of growth and consolidation. The Company is fortunate that Mr. McKelvie is remaining with the Company as Chairman of the Board of Directors. The Company will continue to benefit from his wise counsel and leadership.

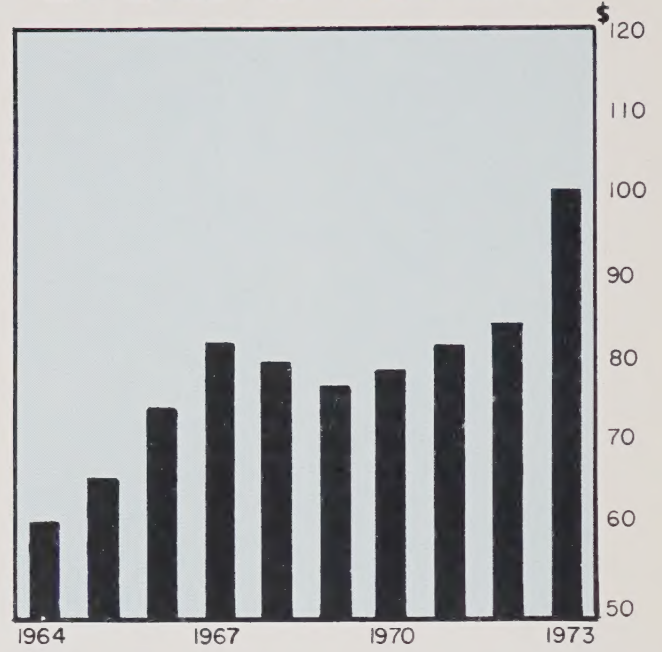
As President of your Company, I anticipate continued growth of Northern Telephone Limited in serving the North and providing viable economic communication service.

P. KIAR  
President.

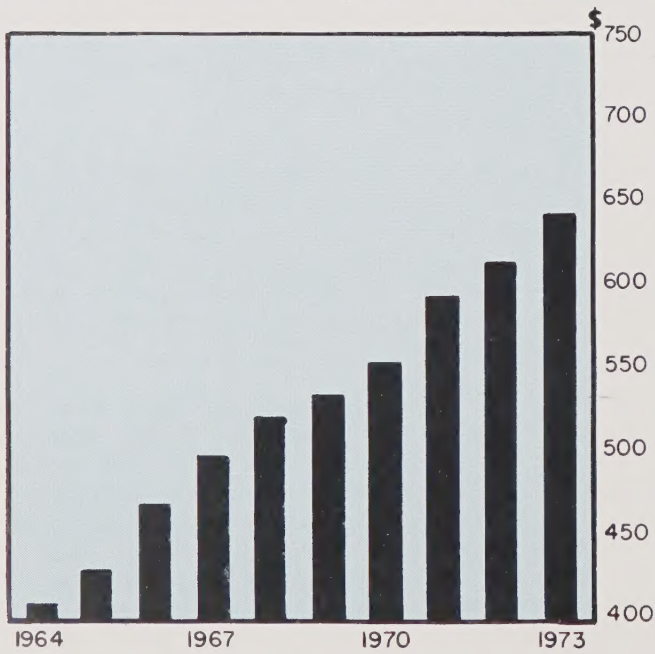
### REVENUE PER TELEPHONE



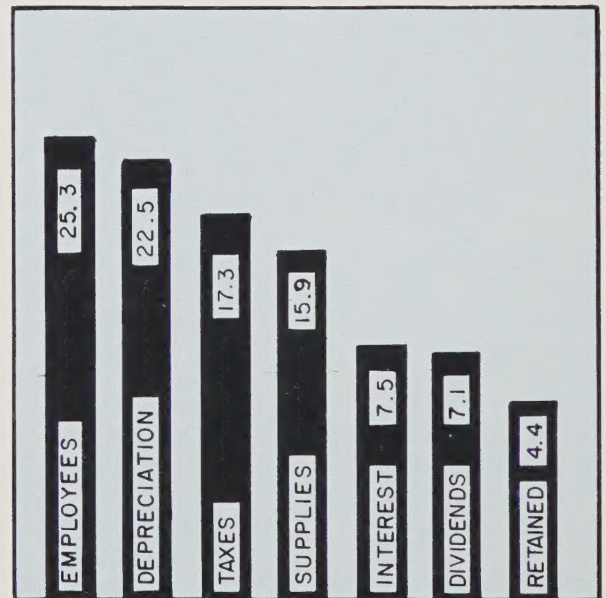
### EXPENSE PER TELEPHONE



### PLANT PER TELEPHONE



### DISPOSITION OF 1973 INCOME DOLLAR





**NORTHERN TELEPHONE LIMITED**  
and subsidiary companies

## CONSOLIDATED INCOME STATEMENT

	December 31, 1973	December 31, 1972
<b>OPERATING REVENUES</b>		
Local service .....	\$ 8,757,176	\$ 8,002,712
Long distance service .....	9,075,162	6,692,728
Miscellaneous .....	894,338	770,363
Less: Uncollectibles .....	171,705	58,737
	<u>18,554,971</u>	<u>15,407,066</u>
<b>OPERATING EXPENSES</b>		
Depreciation (Note 2) .....	4,168,591	3,111,481
Maintenance .....	2,951,125	2,513,451
Traffic (Note 3) .....	1,235,443	1,050,332
Marketing and Commercial .....	1,000,805	878,339
Accounting (Note 4) .....	870,154	820,861
Provision for service pensions and other employee benefits..	428,985	405,387
Other (Note 5) .....	1,029,473	575,157
	<u>11,684,576</u>	<u>9,355,008</u>
<b>Net Operating Revenues</b>	<u>6,870,395</u>	<u>6,052,058</u>
<b>OPERATING TAXES</b>		
Income taxes .....	2,372,930	2,097,080
Other taxes .....	828,090	465,561
	<u>3,201,020</u>	<u>2,562,641</u>
<b>Operating Income</b>	<u>3,669,375</u>	<u>3,489,417</u>
<b>OTHER INCOME</b>		
Miscellaneous .....	104,377	62,385
Less: Amortization of excess of cost of investment in subsidiary companies over book value at acquisition (Note 1) .....	<u>235,200</u>	<u>235,200</u>
	<u>(130,823)</u>	<u>(172,815)</u>
<b>Total Income Before Interest Charges</b>	<u>3,538,552</u>	<u>3,316,602</u>
<b>INTEREST CHARGES</b>		
Interest on long term debt .....	1,202,640	824,241
Other interest .....	178,998	414,484
Amortization of long term debt expenses .....	21,996	19,874
	<u>1,403,634</u>	<u>1,258,599</u>
<b>NET INCOME</b>	<u>\$ 2,134,918</u>	<u>\$ 2,058,003</u>
<b>EARNINGS PER COMMON SHARE</b>	<u>\$ 0.57</u>	<u>\$ 0.63</u>
(After preference dividends and based on average number of shares outstanding)		

## CONSOLIDATED

## ASSETS

	December 31, 1973	December 31, 1972
<b>TELEPHONE PROPERTY</b>		
Buildings, plant and equipment - at cost (Note 6) .....	\$72,933,403	\$65,078,117
Less: Accumulated depreciation .....	25,031,704	22,427,113
	<u>47,901,699</u>	<u>42,651,004</u>
Land and plant under construction at cost .....	2,014,651	1,822,286
	<u>49,916,350</u>	<u>44,473,290</u>
<b>CURRENT ASSETS</b>		
Accounts receivable .....	3,025,714	2,335,636
Materials and supplies - at cost .....	1,703,770	1,417,405
Prepayments .....	305,001	226,734
	<u>5,034,485</u>	<u>3,979,775</u>
<b>DEFERRED CHARGES</b>		
Unamortized excess of cost of investments in subsidiary companies (Note 1) .....	3,062,803	3,298,003
Unamortized long term debt expenses .....	240,211	186,934
	<u>3,303,014</u>	<u>3,484,937</u>
	<u>\$58,253,849</u>	<u>\$51,938,002</u>

On behalf of the Board of Directors:

D. McKelvie, Director

P. Kiar, Director



## BALANCE SHEET

### LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 1973	December 31, 1972
<b>SHAREHOLDERS' EQUITY</b>		
Capital Stock		
Preference (Note 8) .....	\$ 7,564,000	\$ 7,564,000
Common (Note 8) .....	14,934,772	14,934,772
Retained earnings .....	4,793,500	3,980,900
	<u>27,292,272</u>	<u>26,479,672</u>
 <b>LONG TERM DEBT</b>	 <u>20,835,000</u>	 <u>13,953,000</u>
 <b>NOTES PAYABLE</b>	 <u>1,700,000</u>	 <u>4,450,000</u>
 <b>CURRENT LIABILITIES</b>		
Bank overdraft .....	96,542	84,458
Accounts payable (Note 7) .....	3,238,027	2,209,214
Advance billing for service .....	277,027	253,586
Dividends payable .....	330,579	330,579
Taxes accrued .....	382,590	638,500
Interest accrued .....	263,707	166,384
	<u>4,588,472</u>	<u>3,682,721</u>
 <b>DEFERRED CREDITS</b>		
Income taxes (Note 11) .....	3,838,105	3,247,609
Other .....	-	125,000
	<u>3,838,105</u>	<u>3,372,609</u>
	<u>\$58,253,849</u>	<u>\$51,938,002</u>

## CONSOLIDATED STATEMENT of RETAINED EARNINGS

	December 31, 1973	December 31, 1972
<b>BALANCE AT BEGINNING OF PERIOD</b> .....	\$3,980,900	\$3,143,757
Add: Net Income .....	<u>2,134,918</u>	<u>2,058,003</u>
	<u>\$6,115,818</u>	<u>\$5,201,760</u>
Deduct: Dividends - Preference shares .....	409,217	409,217
- Common shares .....	<u>913,101</u>	<u>811,643</u>
	1,322,318	1,220,860
<b>BALANCE AT END OF PERIOD</b> .....	<u>\$4,793,500</u>	<u>\$3,980,900</u>

## CONSOLIDATED STATEMENT of SOURCE and DISPOSITION of FUNDS

	December 31, 1973	December 31, 1972
<b>SOURCE OF FUNDS</b>		
Operations		
Net income .....	\$ 2,134,918	\$ 2,058,003
Items not requiring an outlay of funds -		
Depreciation and miscellaneous (net) .....	4,330,236	3,300,804
Deferred income taxes .....	520,106	692,869
Deferred income taxes - prior period .....	<u>70,390</u>	<u>-</u>
	7,055,650	6,051,676
Proceeds from issue of debentures .....	7,000,000	-
Proceeds from issue of common shares .....	-	4,227,300
Deferred credit - compensation for construction		
program not completed .....	-	125,000
Decrease in working capital .....	-	658,906
	<u>\$14,055,650</u>	<u>\$11,062,882</u>
<b>DISPOSITION OF FUNDS</b>		
Construction expenditures		
Gross construction expenditures .....	\$ 8,655,831	\$ 6,685,973
Deduct charges to construction not requiring funds .....	<u>1,009,731</u>	<u>247,409</u>
	7,646,100	6,438,564
Purchase of telephone property .....	1,870,000	-
Net retirement of notes payable .....	2,750,000	3,200,000
Dividends .....	1,322,318	1,220,860
Repayment of long term debt .....	118,000	203,458
Application of deferred credit to construction .....	125,000	-
Increase in unamortized long term debt		
expense on issue of debentures .....	75,273	-
Increase in working capital .....	<u>148,959</u>	<u>-</u>
	<u>\$14,055,650</u>	<u>\$11,062,882</u>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1. Principles of Consolidation

Consolidated financial statements include the accounts of the two subsidiary companies both of which are wholly owned. The excess of the cost of these investments which exceeded the book value of the Company's equity therein at date of acquisition is being amortized over a period of 20 years commencing in 1967. Prior to 1970 the amounts amortized were charged to consolidated retained earnings. Since 1970 these amounts are charged to consolidated income.

## NOTE 2. Depreciation

The composite depreciation rate for the year ended December 31st, 1973 is 6.13% (5% approximately in 1972). The Company depreciates each type of fixed asset on a straight line group basis, making appropriate provision for residual values. The depreciation procedures provide for charging the original cost of the assets to operations at a uniform rate over the life of the assets in each group. Assets placed in service are grouped by year placed in service and in addition are then subdivided into groups by expected service life, except for station apparatus and station connections. This refinement in the grouping procedures, in effect for the 1973 year, which is designed to improve the method of charging the cost of such assets to operations over the life of the plant in each group results in a reduction of net income of \$770,382 for the year ended December 31st, 1973.

## NOTE 3. Traffic

Expenses, principally wages, incurred in the handling of messages.

## NOTE 4. Accounting

Includes computer production expense incurred in the business informations department.

## NOTE 5. Other

General office salaries and expenses, operating rents and miscellaneous expenses.

## NOTE 6. Telephone Property

On January 2nd, 1973, Northern Quebec Telephone Inc., a wholly owned subsidiary company, purchased and paid for the commercial telecommunication assets of the Ontario Northland Transportation Commission and the Nipissing Central Railway Company in the Province of Quebec for a consideration of \$1,870,000. This purchase is subject to approval by the Quebec Public Service Board.

## NOTE 7. Accounts Payable and Accounts Receivable

At December 31, 1973 accounts payable include \$598,697 to the Parent Company and \$103,765 owing to an affiliate and accounts receivable include \$299,920 due from the Parent Company.

## NOTE 8. Capital Stock

### Preference Shares

Authorized - with a par value of \$20.00 each

issuable in series, voting

First Preference	500,000 shares .....		\$10,000,000
Second Preference	250,000 shares ....	\$5,000,000	
Less: Converted	121,800 shares ....	<u>2,436,000</u>	
	<u>128,200</u> shares ....	<u>\$2,564,000</u> ....	<u>2,564,000</u>
			<u>\$12,564,000</u>

## Outstanding - FIRST PREFERENCE (Redeemable at \$20.40 per share)

75,000	5 1/2%	cumulative preference shares - Series "A"	\$ 1,500,000
50,000	5 1/2%	cumulative preference shares - Series "B"	1,000,000
100,000	5 1/2%	cumulative preference shares - Series "C"	2,000,000
25,000	5 1/2%	cumulative preference shares - Series "D"	<u>500,000</u>
			<u>\$ 5,000,000</u>

## Outstanding - SECOND PREFERENCE (Convertibility expired)

7,853	5%	cumulative preference shares - Series "A" redeemable at \$20.40 per share.	\$ 157,060
120,347	5 1/4%	cumulative preference shares - Series "B" redeemable at \$20.60 to April 1, 1975 and \$20.40 thereafter.	<u>2,406,940</u>
			<u>2,564,000</u>
			<u>\$ 7,564,000</u>

## Common shares

Authorized -	*6,500,000 shares of no par value to be issued for a consideration not to exceed \$35,000,000.	
Outstanding -	3,043,657 shares	<u>\$14,934,772</u>

\* Increased during year by supplementary letters patent from  
5,000,000 shares for a consideration not to exceed \$15,000,000.

## NOTE 9. Long Term Debt

Northern Telephone Limited  
20 year Sinking Fund Debentures

<u>Maturity Date</u>	<u>Rate of Interest</u>	<u>Series</u>	<u>Outstanding</u>
April 1st, 1975	4 %	B	\$ 777,000
May 1st, 1978	5 1/4%	C	1,482,000
January 2nd, 1981	6 %	D	1,742,500
December 1st, 1981	5 1/2%	E	584,500
May 1st, 1983	5 3/4%	F	2,696,500
December 15th, 1984	5 5/8%	G	1,815,500
May 1st, 1987	6 1/2%	H	<u>4,637,000</u>
			\$ 13,735,000
20 year Serialized Debentures			
April 30th, 1993	8 1/4%	I	<u>7,000,000</u>
			\$ 20,735,000

Northern Quebec Telephone Inc.  
First Mortgage Sinking Fund Bond

May 1st, 1975	6 %	B	<u>100,000</u>
			<u>\$20,835,000</u>



#### NOTE 10. Notes Payable

Promissory note, payable on demand, with the Canadian Imperial Bank of Commerce.

#### NOTE 11. Deferred Income Tax

Commencing January 1, 1966, the Company adopted the income tax allocation procedures principally in respect of capital cost allowances for income tax purposes being in excess of recorded depreciation. If the Company had adopted this method prior to 1966, the accumulated deferred income taxes at December 31, 1973 would be increased by approximately \$1,115,000.

#### NOTE 12. Remuneration of Directors

During the period ended December 31, 1973, the aggregate direct remuneration paid or payable by the Company and its subsidiaries to the Directors and Senior Officers of the Company was \$184,863.

#### NOTE 13. Pension

The latest actuarial valuation of the Plans for Employees' Pensions established an unfunded liability of \$108,307 at December 31, 1972. Based on this valuation, less payments made to December 31, 1973, the unfunded liability is \$83,116 at that date. Payments are charged to operations in the years they are made.

## AUDITORS' REPORT

To the Shareholders of  
NORTHERN TELEPHONE LIMITED:

We have examined the consolidated balance sheet of NORTHERN TELEPHONE LIMITED and its subsidiaries as at December 31, 1973 and the consolidated income statement, statement of retained earnings and statement of source and disposition of funds for the year then ended. For Northern Telephone Limited and the subsidiary of which we are auditors our examination included a general review of the accounting procedures and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditor who has examined the financial statements of the other subsidiary.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Timmins, Ontario,  
February 1st, 1973.

ROSS, POPE & COMPANY,  
CHARTERED ACCOUNTANTS.

## STATISTICS

(Including All Subsidiaries)

	1973	1972	1971	1970
<b>NUMBER OF TELEPHONES</b> .....	116,365	109,660	102,722	97,194
Business .....	35,635	33,155	30,968	29,161
Residence .....	80,730	76,505	71,754	68,033
Percentage Residence of Total ....	69.4	69.8	69.9	70.0
Percentage Dial of Total .....	99.0	98.9	98.2	97.1
<b>NUMBER OF CENTRAL OFFICES</b> .....	84	87	88	86
<b>MILES OF POLE LINES</b> .....	4,329	4,365	4,373	4,404
<b>MILES OF WIRE</b> .....	382,950	351,411	325,298	310,181
<b>LONG DISTANCE CALLS</b> .....	7,811,824	6,787,577	5,879,955	5,590,884
Company Lines .....	3,536,335	3,012,323	2,630,629	2,557,759
Connecting Companies' Lines .....	4,275,489	3,775,254	3,249,326	3,033,125
<b>TOTAL INVESTMENT PLANT &amp; EQUIP.</b> .....	\$74,948,054	\$66,900,403	\$60,871,132	\$55,670,079
Plant & Equip. Less Dep. ....	\$49,916,350	\$44,473,290	\$41,100,498	\$38,404,948
<b>OPERATING REVENUES</b> .....	\$18,554,971	\$15,407,066	\$13,181,905	\$12,022,529
<b>NUMBER OF EMPLOYEES</b>				
Men .....	378	347	345	336
Women .....	320	295	260	289
Total Employees .....	698	642	605	625
<b>TOTAL PAYROLL</b> .....	\$ 6,051,876	\$ 4,944,908	\$ 4,531,140	\$ 4,361,647
<b>NUMBER OF SHAREHOLDERS</b>				
In Canada .....	2,443	2,493	2,542	2,620
Elsewhere .....	86	88	97	110
Total Shareholders .....	2,529	2,581	2,639	2,730



# NORTH TOGETHER 1964 - 1973

1969	1968	1967	1966	1965	1964
93,986	97,912	94,190	85,705	81,348	77,498
28,355	30,083	28,571	26,836	25,367	24,115
65,631	67,829	65,619	58,869	55,981	53,383
69.8	69.3	69.7	68.5	68.8	68.8
96.8	95.2	94.2	91.8	89.2	84.4
87	115	115	108	109	103
4,326	4,134	4,110	3,914	3,825	3,752
293,343	297,339	282,232	251,304	235,834	215,023
5,427,557	5,152,324	5,224,231	4,432,847	4,113,808	3,306,631
2,598,626	2,560,812	2,672,179	2,137,615	1,927,245	1,552,586
2,828,931	2,591,512	2,552,052	2,295,232	2,186,563	1,754,045
\$49,207,613	\$53,551,164	\$48,560,359	\$41,708,885	\$36,062,388	\$32,572,672
\$34,077,518	\$37,416,518	\$34,475,484	\$29,980,665	\$25,849,376	\$23,212,665
\$10,688,771	\$10,807,847	\$10,217,371	\$ 8,868,056	\$ 7,856,925	\$ 6,746,203
352	374	416	486	503	393
256	392	430	389	245	357
608	766	846	875	748	750
\$ 3,684,698	\$ 3,940,799	\$ 4,046,714	N/A	N/A	N/A
2,650	2,730	2,771	2,890	5,228	4,934
112	115	93	94	286	300
2,762	2,845	2,864	2,984	5,514	5,234

# BRINGING THE NORTH



*The Pre-Cambrian Shield*

## THE NORTH

The northern areas of Ontario and Quebec, forming part of the Mid-Canada Shield, are rich in the natural resources which are so important in the development and growth of the country. The areas yield large quantities of precious and base metals and are major suppliers of timber, pulp and paper and other forest-related products. A thriving agricultural industry helps support the population. Because of its natural beauty, tourism flourishes in the region. The areas' rivers which flow both to the Arctic and the Atlantic generate millions of kilowatts of electrical energy.

## THE PEOPLE

The prime resource of the North is its quarter of a million inhabitants who live in communities of less than a hundred to as many as 50,000 people. These communities are widely scattered over an area the size of western Europe.

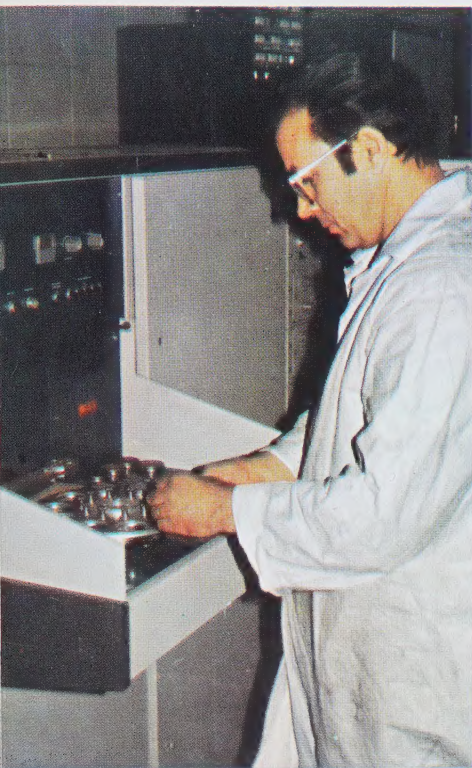
They work at a variety of occupations. The natural resource industries have become highly sophisticated and now employ many in the sciences, technology and administration. Much of the work is still pioneering with the North owing its rapid development to the prospecting, timber cruising and exploration that is carried out year-round.



*Aircraft and communications play important roles in developing the North.*



# TOGETHER



Industry is becoming more sophisticated with ores being X-Rayed for mineral analysis at a base metal operation near Timmins, Ontario.

## COMMUNICATIONS

The Company, Northern Telephone Limited serving northeastern Ontario, and its subsidiary, Northern Quebec Telephone Inc., serving northwestern Quebec, were formed by northerners to serve northerners. They have made a major contribution to the progressive development of the North. Effective communications have made it possible for isolated lumber camps to become growing towns supporting secondary industries engaged in the manufacturing of plywood, newsprint and other wood products. Remote mining sites have expanded into commercial centres where smelting, refining and other related industries are flourishing.



Communications in the lumber industry near Val d'Or, Quebec.





*Microwave communications in the North.*

## COMMUNICATION NETWORK

The ability to provide reliable communications in any new development area is an important responsibility at Northern Telephone. Just as important is the Company's responsibility to ensure an effective communications network between each of the northern communities and points beyond. This serves to bring the North together by uniting the common, social and economic interests of the area.

## COMMUNICATIONS PEOPLE

Northern Telephone is people. Over 700 employees with the responsibility of bringing the North together. In meeting this responsibility, they have displayed the same pioneering spirit as the customers they serve. They have created new and innovative ways of overcoming the obstacles of climate, distance and geography.

Northern Telephone personnel take pride in the quality of communications service they provide. The Company has achieved almost 100% dial telephone development in the North.

With modern, sophisticated communications systems, Northern Telephone people are not only bringing the North together; they are finding better ways to do it.



*Switchboard operators at Val d'Or, Quebec.*





*The demand for northern softwoods is increasing rapidly.*

## THE FUTURE

The increasing world demand for the natural resources of northern Ontario and Quebec is creating rapid growth in the area. This progress will continue with each new development. The recent find of a large ore-body near Timmins, Ontario shows that we have only scratched the surface of our mineral riches while the James Bay Hydro electric project indicates the vast potential of another form of natural resources. The demand for our softwood and related products is expected to increase three-hundred-fold by the year 2000.

The people of the North will meet this demand by creating new developments and expanding present industries as required. Northern Telephone will continue to meet its responsibility by bringing communications to these new developments and by expanding and improving existing communications. It is the responsibility of "Bringing the North Together".



